



**COUNTY OF LOS ANGELES
DEPARTMENT OF AUDITOR-CONTROLLER**

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WENDY L. WATANABE
AUDITOR-CONTROLLER

June 21, 2013

TO: Marvin J. Southard, D.S.W., Director
Department of Mental Health

FROM: Wendy L. Watanabe
Auditor-Controller

A handwritten signature in blue ink, reading "Wendy L. Watanabe", is written over the printed name and title.

SUBJECT: **DEPARTMENT OF MENTAL HEALTH – MILEAGE, TRAVEL, AND
AUTO DAMAGE CLAIMS REVIEW**

As part of our ongoing responsibility to ensure County resources are safeguarded, we have reviewed the Department of Mental Health's (DMH or Department) compliance with County employee mileage, travel, and auto damage reimbursement policies and procedures. Our review included interviewing DMH management and staff, reviewing a sample of mileage, travel expense, and auto damage claims, and evaluating DMH's controls over claims processing.

Background

County Code Section 5.40 allows designated employees to be reimbursed for mileage and parking fees for driving their own vehicles on County business, and for certain travel expenses (e.g., lodging, meals, incidental expenses, etc.) for out-of-County trips. Employees are generally reimbursed for mileage and parking for County business, excluding commuting between their home and headquarters. The County Code also allows qualifying employees to be reimbursed for work-related damage to their vehicles and related costs, such as rental vehicles, towing, storage, etc.

Approximately 2,500 of DMH's 4,200 employees are designated as mileage permittees who drive to visit clients, hospitals, other work locations, etc. DMH employees received a total of approximately \$1.3 million in mileage reimbursements in Fiscal Year (FY) 2011-12. DMH employees were also reimbursed approximately \$43,000 for auto damage claims, and \$310,000 for travel expenses (e.g., airfare, lodging, meals, etc.) during FY 2011-12.

Review Summary

We noted that DMH can improve its controls over mileage, travel, and auto damage claims. We also noted some instances where employees claimed excessive mileage, submitted incomplete mileage claims, and claimed mileage for commuting. Employees also did not always comply with the County travel policy and auto damage claim requirements. The following are the results of our review.

Mileage Reimbursement Claims

Mileage Claim Accuracy

County Fiscal Manual (CFM) Section 13.13.7 requires employees to submit mileage claims with the date, time, location/address and city, miles traveled, and purpose for each trip. The claims must be reviewed/approved by supervisors who can attest to their accuracy; and be reviewed by mileage clerks for accuracy before they are processed for payment. Employees cannot claim mileage for commuting between their home and headquarters, or claim excessive mileage from location to location.

We reviewed a sample of 20 mileage claims and related documents, and noted the following:

- **Over-claimed mileage** – We compared the mileage reported on the 20 claims to the miles computed by MapQuest and Google Maps, and noted that ten (50%) of the 20 claims reported more miles than the internet applications computed, resulting in potential overpayments totaling \$538. For example, one employee claimed 42 miles for one trip, when the longest computed route was 20 miles. In calculating the excess mileage, we allowed each employee to claim a total of 20 miles more per claim than the total internet application mileage to allow for employees taking unavoidable detours, alternative routes, or getting lost.
- **Not claiming the lesser mileage as required** – County mileage rules require employees to claim the lesser of the distance between their home and work location, and the distance between their headquarters and work location. For example, if an employee travels 20 miles from home to a work location, but the distance between the work location and the employee's headquarters is 15 miles, the employee can only claim 15 miles.

Nine (45%) of the 20 claims reviewed included a trip where the employees did not claim the lesser mileage as required, resulting in overpayments totaling approximately \$157.

- **Incomplete mileage claims** – Ten (50%) of the 20 claims were missing some required information (e.g., valid/legible addresses, times/dates of trips, etc.). We were unable to verify a total of 396 miles (\$184) because the claims did not have valid or complete addresses. Employees must ensure their mileage claims are complete and accurate, and supervisors/mileage clerks should return incomplete/illegible claims to the employees or their supervisors for correction.
- **Mileage claimed and paid for commuting** – Two (10%) of the 20 claims had mileage the employees claimed for commuting between their home and headquarters, which is not permissible.

As discussed later in the Mileage Authorization and Reimbursement System (MARS) section of this report, many of the mileage claiming issues noted within this report will be resolved when DMH implements MARS.

Recommendations

DMH management:

1. **Reinstruct employees on mileage claim rules, and the requirement to complete their claims accurately.**
2. **Instruct supervisors and mileage clerks to reject incomplete or illegible claims.**
3. **Ensure employees do not claim mileage for commuting between their home and headquarters.**

Mileage Permittee Status

The County Code distinguishes between employees who drive regularly on County business (mileage permittees), and employees who only drive occasionally on County business (occasional drivers). Although both groups are reimbursed for work-related damage to their vehicles, mileage permittees are reimbursed for damage that occurs in their headquarters parking lot, and occasional drivers are not.

CFM Section 13.13.2 requires departments to review all mileage permittees annually to verify they still need permittee status. It appears DMH does not verify employees' need for permittee status. As of March 2012, 676 (26%) of DMH's 2,570 mileage permittees had not submitted a mileage claim for at least two years, including 206 (8%) who had not submitted a claim in over five years.

In addition, for seven (35%) of the 20 employees, the headquarters in the County's prior payroll and personnel system (CWTAPPS) did not match the headquarters on their mileage claims, when the claims were processed. Because employees are paid based on the headquarters shown on their mileage claims, DMH should ensure that headquarters information in the County's payroll and personnel system (now the eHR system) is accurate and agrees with the mileage claims.

Recommendations

DMH management:

- 4. Review employees' mileage permittee status annually.**
- 5. Ensure that employees' headquarters information in eHR agrees with the headquarters address indicated on mileage claims before the claims are paid.**

Driver License Monitoring

CFM Section 13.13.10 requires departments to review the Driver License Expiration report from the payroll and personnel system (eHR) monthly to verify that all employees driving on County business have a current driver license.

DMH does not review the report as required, or regularly update the employees' license expiration dates. Fifteen (26%) of 57 employees reviewed were paid for mileage when the payroll and personnel system indicated they had an expired license. To protect the County from liability for employees driving without a current driver license, DMH should review the report monthly.

Recommendation

- 6. DMH management ensure that mileage clerks review the Driver License Expiration report monthly, and that employees with expired driver licenses do not drive on County business or claim mileage.**

Mileage Authorization and Reimbursement System (MARS)

The Auditor-Controller (A-C) and Internal Services Department developed MARS to streamline the mileage claim process. MARS is an on-line application designed to replace the manual mileage claim form, and it includes controls that would prevent many of the mileage claim issues noted earlier. For example, MARS ensures that mileage claims are complete, automatically validates the addresses, calculates the mileage, and applies the shortest distance rule, as necessary. MARS also improves accountability, and ensures that the claims are approved by appropriate supervisors.

DMH management should work with the A-C to explore the feasibility of implementing MARS as soon as possible.

Recommendation

- 7. DMH management work with the A-C to explore the feasibility of implementing MARS as soon as possible.**

Travel Expenses

DMH employees are sometimes required to travel outside the County to conduct department business, attend conferences, and for training. CFM Section 13.2.2 requires employees to obtain authorization before making a travel reservation. Employees are also required to submit an expense claim within two weeks after each trip, including employees who receive a travel advance.

We reviewed a sample of ten travel requests and related travel expense claims, and five travel advances, and noted the following:

- **Reservations made before approved** – Four (40%) of ten DMH employees made reservations before obtaining approval for the travel. While all of the trips reviewed were approved, employees should only make travel arrangements after the travel has been approved by management.
- **Expense claim not submitted or submitted untimely** – One employee (10%) submitted her expense claim 25 days after the required two-week submission standard.

Another employee received a \$589 travel advance, but did not submit an expense claim, as required. We noted that the employee only spent \$263, and should have returned the remaining \$326 to the Department. It appears DMH staff did not follow up with the employee because this travel advance was not recorded in the Department's travel log. The employee indicated she forgot to submit her travel expense claim. Based on our inquiry, DMH recovered the unspent travel advance from the employee.

- **Airfare included in travel advance** – Employees are required to book flights directly with the County's contract travel agency, and should not be given advances for airfare. One (20%) of the five travel advances reviewed included airfare. The staff who approved the travel advance request indicated she did not realize the request included airfare.

Recommendations

DMH management:

- 8. Ensure employees only make travel arrangements after they are approved by management.**
- 9. Require employees to submit travel expense claims within two weeks after their trip, and require staff to follow up if employees do not submit expense claims timely.**
- 10. Require employees to return unspent travel advances to the Department timely.**
- 11. Ensure the Department maintains an accurate travel log.**
- 12. Ensure airfare is not advanced to employees.**

Auto Damage Claims

County Code 5.85 allows the County to reimburse employees for work-related damage to their vehicles. The County reimburses the employee for the lower of two required repair estimates. The County also pays for incidental expenses, such as rental vehicle, towing, storage, etc., up to limits specified within the County Code. Employees are required to submit various documents when filing a vehicle damage claim, including approved documents with incident details (e.g., date, how damage occurred, etc.).

We reviewed ten vehicle damage claims and related documents, and noted the following:

- **Excessive rental vehicle reimbursements** – If a mileage permittee's personal vehicle is damaged on County time while in the course and scope of their County responsibilities (excluding commuting between the employee's home and headquarters), County Code 5.85.065 provides for reimbursement to the employee for up to 30 days of the actual expense for the rental vehicle up to \$40 per day. We noted that one of the three employees was reimbursed for 32 days of rental vehicle usage, which exceeds the 30-day limit. In addition, the estimated repair time for the employee's personal vehicle was only seven days, so it appeared the employee needed the rental vehicle for only seven days, not the 32 days claimed by the employee. We discussed this issue with the Department, which agreed that the 32-day rental appeared excessive. DMH subsequently requested the repair invoice from the employee to verify the actual repair time, but the employee refused to provide it. DMH referred this case to the

A-C's Office of County Investigations for further investigation, and will seek reimbursement, as necessary.

DMH paid another employee for a rental vehicle based on an internally developed rate rather than the actual cost of the rental as required by County Code. The department's payment resulted in an overpayment to the employee of \$47. Based on our finding, DMH recovered the overpayment from the employee.

- **Missing approvals** – Seven (70%) of the ten vehicle damage claim forms reviewed did not have the required supervisory approval. Although there were other approved documents for these claims, DMH should ensure that all vehicle damage claim forms are approved.

Recommendations

DMH management:

- 13. Ensure rental vehicle reimbursements are limited to 30 consecutive days, and that the rental period is reasonable based on repair estimates and photographs.**
- 14. Ensure rental vehicle reimbursements are limited to the actual amount employees paid, up to the limits in the County Code.**
- 15. Ensure all vehicle damage reimbursement claim forms are approved.**

Review of Report

We discussed the results of our review with DMH management. The Department's attached response indicates agreement with our findings and recommendations.

We thank DMH management and staff for their cooperation and assistance during our review. Please call me if you have any questions, or your staff may contact Robert Smythe at (213) 253-0101.

WLW:RS:YK

Attachment

c: Audit Committee



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MARVIN J. SOUTHWARD, D.S.W.
Director

ROBIN KAY, Ph.D.
Chief Deputy Director

RODERICK SHANER, M.D.
Medical Director

May 14, 2013

TO: Wendy L. Watanabe
Auditor/Controller

FROM: Marvin J. Southard, D.S.W.
Director

SUBJECT: **DEPARTMENT OF MENTAL HEALTH – MILEAGE, TRAVEL, AND
AUTO DAMAGE CLAIMS REVIEW**

This is in response to your recent audit of the Department of Mental Health's (DMH) compliance with County employee mileage, auto damage, and travel reimbursement policies and procedures. On Monday, April 29, 2013, Corinne Chico and Art Gonzalez of your staff met with Margo Morales, Administrative Deputy, and DMH staff responsible for the areas under audit to review the findings and recommendations.

Based upon the information provided during the meeting, this is to confirm that DMH concurs with the finding of your audit and has implemented procedural changes as outlined in your forthcoming report. Additionally, our procedures related to the claiming of mileage will be further enhanced with the implementation of the Mileage Authorization Reimbursement System (MARS). Nora Cendejas, DMH Payroll Manager, has been in contact with Ray Childers of your staff to request a July 2013 implementation of MARS.

If you have any questions, please call me at (213) 738-4601, or your staff may contact Margo Morales at (213) 738-2891.

MJS:MM:ag